



State of Nevada Division of Mortgage Lending

Pre-Licensing
Information for
Mortgage Brokers



Table of Contents

Topic	Slide Number
Division's Responsibility	5
Broker vs. Banker	6
Sharing Office Space	7
Change of Address Requirements	8
Branch Offices	9
Mortgage Agent Licensing	10
Mortgage Agent Commissions	11
Supervision of Mortgage Agents	12
Working From Licensed Location	13
File Retention	14
Suitable Books and Records	15



Table of Contents – Cont'd

Topic	Slide Number
Submission of Monthly Activity Reports	16
Advertising	17
Financial Statement Filing	18
Change of Control	19
Continuing Education	20
Examinations	21
Examination Forms	22
Administrative Actions	23
Exhibit 1	24
Exhibit 2	25
Exhibit 3	26



Table of Contents – Cont'd

Topic	Slide Number
Exhibit 4	27
Exhibit 5	28, 29, 30
Exhibit 6	31
Exhibit 7	32
Exhibit 8	33
Exhibit 9	34
Certificate of Acknowledgment	35



Division Responsibility

- The Division of Mortgage Lending has the general duty to regulate and exercise supervision over the activities of mortgage brokers, mortgage bankers, mortgage agents, escrow agencies and escrow agents in the State of Nevada.



Broker vs. Banker

Which License Do I Need

- Mortgage Brokers may fund loans using corporate cash, a warehouse line of credit, table funding or they may broker loans to institutional investors.
- Mortgage brokers may not license office or originate loans from out of state locations.
- Mortgage Bankers must close all loans using corporate cash or a warehouse line of credit. Brokering or table funding loans under a banker license is expressly prohibited.
- Mortgage Bankers may license out of state locations.



Sharing Office Space

- Sharing office space with a Real Estate broker is prohibited unless the companies are affiliated as defined in NAC 645B.002.
- If office space is shared with any other company, including a real estate broker, the mortgage broker must maintain its own designated space with signage identifying the mortgage broker.
- The designated space must have a locking door and file cabinets to maintain the privacy of borrower information.
- Please refer to Exhibit 1 for additional information.



Change of Address

- Prior to moving to a new location a Change of Address form must be submitted to the Division along with the original license. Upon verification the new address is a commercial location, the Division will issue an amended license. A new license will be sent to mortgage agents that have been licensed for a minimum of one year.
- The Change of Address form is on the forms link of the Division's Website.



Branch Offices

- A mortgage broker may apply for a branch license by submitting a Broker Branch Application. This form is on the forms link of the Division's Website www.mld.nv.gov.
- All other forms/documents listed on the application form must be submitted simultaneously with the branch application.
- The Principal Nevada office must receive a satisfactory examination rating within the preceding 12 months before a branch license application will be issued.
- Virtual offices are not permitted.
- Please refer to Exhibit 2 for additional information.



Mortgage Agent Licensing

- Mortgage agents must be licensed and affiliated with a mortgage broker prior to originating a mortgage loan on behalf of a broker.
- An agent can not originate a mortgage loan until they are listed on the MLD Website as being affiliated with their mortgage broker.
- The Division must be notified of the termination of a mortgage agent (voluntary or non-voluntary) within three days of termination.
- Mortgage agents can only work for one broker, nor can they work for another company out of state or for a company that is exempt from licensing.



Mortgage Agent Commissions

- Mortgage agents are licensed as natural persons and must be paid as such. Payment of commissions to an artificial entity or LLC established by a mortgage agent is prohibited.
- Mortgage agents are prohibited from directly paying fees to any person, including but not limited to, referral fees and processing fees.
- All payments must be made from the broker's account. Agents can not be paid directly by the title or escrow company or the institutional lender.



Supervision of Mortgage Agents

- NRS 645B.460 requires the mortgage broker and/or the Qualified Employee to maintain oversight of the activities of the mortgage agents. Failure to do so may result in Administrative Action and/or fine.
- See Exhibit 3 for additional information.




Working From Licensed Location

- Owners, qualified employees and mortgage agents are required to work from the licensed location. Appointments may be made at other locations only at the borrower's request. Loan applications may not be solicited or accepted at any location other than the licensed location.
- All mortgage loan files must be kept at the licensed location.



File Retention

- You must maintain a hard copy of the mortgage loan file for a period of 2 years.
- The hard copy of the file must be maintained at the licensed location for a period of one year after the close of escrow.
- A hard copy record may be maintained during the second year at a location wherein the file is retrievable within 24 hours of request by the Division.
- Files may be stored electronically or in hard copy from years 3-4 after the close of escrow. An electronic file must be retrievable or printed within 24 hours of any request made by the Division.
- Please refer to Exhibit 4 for additional information.



Suitable Books and Records

- The mortgage broker is required, at a minimum, to maintain the records defined in NAC 645B.072 in every mortgage loan file.
- It is recommended that a correspondence log is maintained and documentation is retained to support changes in loan products offered.
- See Exhibit 5 for additional information.



Submission of Monthly Activity Reports

- NAC 645B.070 requires all brokers to submit a monthly report of activity on a form approved by the Commissioner. The form is on the Division's Website www.mld.nv.gov under the forms link.
- Southern Nevada offices must e-mail their report to marlv@mld.nv.gov.
- Northern Nevada offices must e-mail their report to marcc@mld.nv.gov.
- Reporting is required even if no loans were closed during the reporting period.
- The monthly report must be submitted to the Commissioner by the 15th day of the month following the month for which the report was made.



Advertising

- All advertisements meeting the definitions set forth in subsection NAC 645B.240 must be approved by the Division prior to use of the advertisement. An advertising submission form and instructions for use is on the forms link of the Division's Website www.mld.nv.gov.
- See Exhibit 6 for definitions set forth above.



Financial Statement Filing

- NRS 645B.085 requires a mortgage broker to submit financial statements to the Division no later than 90 days after the last day of the mortgage broker's fiscal year.
- The statements must be prepared by an independent public accountant who holds a license with the State of Nevada Board of Accountancy.
- If the mortgage broker maintains trust accounts as defined in NRS 645B.175, the trust accounts must be audited.
- See Exhibit 7 for additional information.



Change of Control

- If a transfer of power or voting stock of more than 25% is proposed, the mortgage broker must apply to the Commissioner for a change of control prior to the transfer.
- If a transfer of 5% or more of voting stock occurs, the Commissioner must be notified of the transfer.
- See Exhibit 8 for additional information.
- The Change of Control application form is on the Division's Website www.mld.nv.gov.



Continuing Education

- All owners that originate loans, qualified employees and mortgage agents are required to take 10 hours of continuing education each year.
- Owners and QE's must submit evidence of CE at time of broker renewal on or before May 31 of each year.
- Mortgage Agents must submit evidence of CE at time of agent renewal.
- Unused credits may be carried forward for use the following year only.
- It is recommended that courses be taken in a timely fashion to allow the certificate to be issued in advance of the license renewal date.
- A list of organizations that can certify courses is on the Education link of the Division's Website.



Examinations

- The Division conducts periodic examinations to verify compliance with state and federal laws.
- A rating of 1-5 is issued upon completion of the examination. Please refer to Exhibit 9 for additional information regarding ratings.
- Pursuant to NAC 645B.060 the Division shall bill the mortgage broker \$60 per hour for the examination. Please note, not all examination hours take place at the mortgage broker's office. Review of Division files, report writing and required research may take place at the Division's office.



Examination Forms

- The following forms are on the forms link of the Division's Website:
- Statutory Compliance Questionnaire.
- Division's Regulatory Compliance Questionnaire.
- Manager's Questionnaire. This is provided to the Qualified Employee and lists all documents which must be produced for an examination. This list is not exhaustive and the Division has the right to request any additional information required to complete the examination.
- Loan Line Slip used for examination of individual loan files.
- Please note, each of the above forms are samples only. Each of these forms may be changed at the Division's discretion without notice to the licensee.



Administrative Actions

- Pursuant to NRS645B.670, the Division may take administrative action and/or impose fines for any violations of state or federal laws. The maximum fine is up to \$10,000 per violation.
- Violations of state or federal laws may be referred to the appropriate agency for investigation pursuant to NAC 645B.330.

Exhibit 1

NAC 645B.032 Sharing office space with another business. **([NRS 645B.060](#))**

1. Except as otherwise provided in subsection 2, a mortgage broker may share office space with any other business if each business has a designated space within the office space and each business is separately identifiable by a sign or other method of identification within the office space.
2. A mortgage broker may share office space with a business licensed pursuant to [chapter 645](#) of NRS if:
 - (a) Each business has separate and distinct office space and signs such that a reasonable customer would understand which business he is transacting with at all times;
 - (b) Each business operates as a separate legal entity;
 - (c) Each business maintains separate accounts, books and records;
 - (d) Each business maintains separate licenses; and
 - (e) The businesses are subsidiaries of the same parent corporation or are otherwise affiliated businesses.

Exhibit 2

NAC 645B.030 Branch office: Prerequisites and name for issuance of license; display of license; responsibilities of mortgage broker.
([NRS 645B.020](#), [645B.060](#))

1. An applicant must submit with his application for a branch license:
 - (a) The name, residence address and telephone number of the qualified employee designated to manage the branch office; and
 - (b) The name of each mortgage agent who intends to work at the branch office.
2. The Commissioner will approve an application for a branch office if:
 - (a) The principal office of the mortgage broker has been examined by the Commissioner and has received at least a satisfactory rating during the preceding 12 months; and
 - (b) The Commissioner approves a qualified employee to manage the branch office. The Commissioner will not approve a qualified employee to manage a branch office if the qualified employee manages or has been designated and approved to manage another office.
3. The Commissioner may waive the requirements of subsection 2 upon good cause shown.
4. A license for a branch office may be issued only in the name in which the mortgage broker is licensed to conduct business at his principal office.
5. Each branch office must conspicuously display its license at the branch office.
6. A mortgage broker is responsible for and shall supervise:
 - (a) Each branch office of the mortgage broker; and
 - (b) Each qualified employee and mortgage agent authorized to conduct mortgage lending activity at a branch office of the mortgage broker.

Exhibit 3

NRS 645B.460 Supervision by mortgage broker; requirements; regulations.

1. A mortgage broker shall exercise reasonable supervision over the activities of his mortgage agents. Such reasonable supervision must include, as appropriate:
 - (a) The establishment of written or oral policies and procedures for his mortgage agents; and
 - (b) The establishment of a system to review, oversee and inspect the activities of his mortgage agents, including, without limitation:
 - (1) Transactions handled by his mortgage agents pursuant to this chapter;
 - (2) Communications between his mortgage agents and a party to such a transaction;
 - (3) Documents prepared by his mortgage agents that may have a material effect upon the rights or obligations of a party to such a transaction; and
 - (4) The handling by his mortgage agents of any fee, deposit or money paid to the mortgage broker or his mortgage agents or held in trust by the mortgage broker or his mortgage agents pursuant to this chapter.
2. The Commissioner shall allow a mortgage broker to take into consideration the total number of mortgage agents associated with or employed by the mortgage broker when the mortgage broker determines the form and extent of the policies and procedures for those mortgage agents and the system to review, oversee and inspect the activities of those mortgage agents.
3. The Commissioner may adopt regulations prescribing standards for determining whether a mortgage broker has exercised reasonable supervision over the activities of a mortgage agent pursuant to this section.

Exhibit 4

NAC 645B.077 Retention and maintenance of certain records. ([NRS 645B.060](#), [645B.080](#))

1. The mortgage broker shall retain records of all his completed mortgage transactions for a period of at least 4 years after the date of the last activity relating to the transaction. After a record has been retained 2 or more years, the mortgage broker may cause the record to be reproduced by the microphotographic process, optical disc imaging or any other equivalent technique designed to ensure an accurate reproduction of the original record. A record reproduced as authorized by this section must be considered by the Commissioner to be the same as the original record. Upon completion of the reproduction of a record as authorized by this section, the original of the record may be destroyed.
2. The mortgage broker shall retain applications for mortgages that were denied or withdrawn for a period of at least 1 year or as otherwise required by federal law.
3. The mortgage broker shall maintain the records of completed mortgage transactions at the location at which the loan was made for at least 1 year after the date of closing of the loan. After the expiration of the 1-year period required pursuant to this subsection, any such record may be maintained for the minimum period prescribed in subsection 1 at another location if the record can be provided not later than 24 hours after a request for the record. The Commissioner may, for good cause shown, allow a longer period to provide records.

Exhibit 5 – The Loan File

NAC 645B.072 “Complete and suitable records” interpreted. ([NRS 645B.060](#), [645B.080](#)) As used in [NRS 645B.080](#), the Commissioner interprets “complete and suitable records” to mean:

1. A file that includes, but is not limited to, the following documents, if applicable to the type and purpose of the loan:
 - (a) The real estate sales contract;
 - (b) Escrow instructions;
 - (c) The preliminary title report;
 - (d) The loan application, including, but not limited to, any attachments or supplements;
 - (e) An appraisal report;
 - (f) Any verification of representations made by the consumer on the application for a mortgage;
 - (g) A credit report;
 - (h) A good faith estimate of closing costs and any disclosures required pursuant to the federal Truth in Lending Act, 15 U.S.C. §§ 1601 et seq.;
 - (i) The Uniform Settlement Statement, as described pursuant to 12 U.S.C. § 2603; and
 - (j) Any commitments made by the lender to the consumer, including, but not limited to, a commitment to guarantee the consumer a certain interest rate and a commitment to fund the loan.

Exhibit 5 Cont'd - Private Money Loan Files

2. For loans brokered to private investors, a file that must include all the items required pursuant to subsection 1, if applicable, and any additional documents or disclosures required pursuant to this chapter, [chapter 645B](#) of NRS or federal law, including, but not limited to:
 - (a) The original documents subject to the provisions of [NAC 645B.080](#) or [645B.215](#);
 - (b) All disclosures required pursuant to [NRS 645B.185](#) and [645B.186](#), and [NAC 645B.073](#), [645B.210](#) and [645B.220](#); and
 - (c) If the mortgage broker maintains any account pursuant to [NRS 645B.175](#), the mortgage broker must include records that demonstrate compliance with the provisions of [NRS 645B.115](#) and [NAC 645B.150](#) and [645B.160](#) and any other applicable law.
3. For loans funded by the mortgage broker, a file that must include all the items required pursuant to subsection 1 and all closing documentation, including, but not limited to, a recorded or confirmed deed of trust, the title insurance policy, the note, the hazard insurance policy and any subsequent assignment to additional investors. Assignments to private investors must comply with all documentation requirements of this chapter and [chapter 645B](#) of NRS.

Exhibit 5 Cont'd – Additional Records

4. Any additional books and records that must be maintained or readily accessible at each place of business of the mortgage broker, including, but not limited to, any branch office as applicable to the operations of the mortgage broker, including:
 - (a) Any book or record that evidences compliance with applicable federal and state laws and regulations;
 - (b) A copy of each item of advertising material that was published or distributed by or on behalf of the mortgage broker in the format in which the material was published or distributed;
 - (c) A copy of any written complaint against the mortgage broker, together with all correspondence, notes, responses and other documentation related to the disposition of the complaint;
 - (d) All checkbooks, check registers, bank statements, deposit slips, withdrawal slips, cancelled checks and other records that relate to the business of the mortgage broker;
 - (e) Copies of all federal tax withholding forms, reports of income for federal taxation and evidence of payments to all employees, independent contractors and other persons that worked for the mortgage broker;
 - (f) Copies of all documents evidencing a contractual relationship between the mortgage broker and any third-party provider of services related to mortgages, including, but not limited to, contracts, invoices, billings and remittances to the provider by or on behalf of the mortgage broker;
 - (g) Copies of all material correspondence related to the business of the mortgage broker, including, but not limited to, electronic messages; and
 - (h) Copies of all reports, audits, examinations, inspections, reviews, investigations or other similar activities relating to the business of the mortgage broker performed by any third party, including, but not limited to, any regulatory or supervisory authority.



Exhibit 6

For the purposes of this section, “advertising” includes commercial messages that promote the availability of mortgage products or investments offered by the mortgage broker. Commercial messages include, but are not limited to:

- (a) Print media;
- (b) Sales literature;
- (c) Sales brochures or flyers;
- (d) Billboards;
- (e) Yellow-page listings if more than a line listing;
- (f) Radio and television advertisements;
- (g) Mass mailings distributed by the United States Postal Service or another such delivery service or by electronic mail;
- (h) Telephone or seminar scripts; and
- (i) Websites or other Internet sites that promote or accept loan applications.

Exhibit 7

NRS 645B.085 Annual financial statement; audit of trust accounts; regulations.

1. Except as otherwise provided in this section, not later than 90 days after the last day of each fiscal year for a mortgage broker, the mortgage broker shall submit to the Commissioner a financial statement that:
 - (a) Is dated not earlier than the last day of the fiscal year; and
 - (b) Has been prepared from the books and records of the mortgage broker by an independent public accountant who holds a permit to engage in the practice of public accounting in this State that has not been revoked or suspended.
2. The Commissioner may grant a reasonable extension for the submission of a financial statement pursuant to this section if a mortgage broker requests such an extension before the date on which the financial statement is due.
3. If a mortgage broker maintains any accounts described in subsection 1 of [NRS 645B.175](#), the financial statement submitted pursuant to this section must be audited. If a mortgage broker maintains any accounts described in subsection 4 of [NRS 645B.175](#), those accounts must be audited. The public accountant who prepares the report of an audit shall submit a copy of the report to the Commissioner at the same time that he submits the report to the mortgage broker.
4. The Commissioner shall adopt regulations prescribing the scope of an audit conducted pursuant to subsection 3.

Exhibit 8

NRS 645B.095 Notification of certain transfers required; application to Commissioner for approval of change of control; investigation; waiver.

1. As used in this section, “change of control” means:
 - (a) A transfer of voting stock which results in giving a person, directly or indirectly, the power to direct the management and policy of a mortgage broker; or
 - (b) A transfer of at least 25 percent of the outstanding voting stock of a mortgage broker.
2. The Commissioner must be notified of a transfer of 5 percent or more of the outstanding voting stock of a mortgage broker and must approve a transfer of voting stock of a mortgage broker which constitutes a change of control.
3. The person who acquires stock resulting in a change of control of the mortgage broker shall apply to the Commissioner for approval of the transfer. The application must contain information which shows that the requirements of this chapter for obtaining a license will be satisfied after the change of control. Except as otherwise provided in subsection 4, the Commissioner shall conduct an investigation to determine whether those requirements will be satisfied. If, after the investigation, the Commissioner denies the application, he may forbid the applicant from participating in the business of the mortgage broker.
4. A mortgage broker may submit a written request to the Commissioner to waive an investigation pursuant to subsection 3. The Commissioner may grant a waiver if the applicant has undergone a similar investigation by a state or federal agency in connection with the licensing of or his employment with a financial institution.

Exhibit 9

NAC 645B.067 Rating of mortgage broker upon completion of examination. ([NRS 645B.060](#)) Upon completion of an examination of a mortgage broker, the examiner shall rate the mortgage broker on a scale of “1” to “5,” as follows:

1. A rating of “1” indicates that the mortgage broker and the management of the mortgage broker have demonstrated a high degree of compliance with applicable laws and regulations. A rating of “1” may be given if there is a minor violation or deficiency, but only if the mortgage broker acted to correct the violation or deficiency immediately and the action taken by the mortgage broker is likely to prevent future violations or deficiencies.
2. A rating of “2” indicates that the mortgage broker and the management of the mortgage broker have demonstrated substantial compliance with applicable laws and regulations and that any deficiencies noted in the report made by the examiner pursuant to [NAC 645B.068](#) can be corrected by the mortgage broker with a minimum of regulatory supervision. A rating of “2” may be given if there is more than one minor violation or deficiency, but only if the mortgage broker acted to correct the violations or deficiencies immediately and the action taken by the mortgage broker is likely to prevent future violations or deficiencies.
3. A rating of “3” indicates that the mortgage broker and the management of the mortgage broker have demonstrated less than satisfactory compliance with applicable laws and regulations and that regulatory supervision is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to [NAC 645B.068](#). A rating of “3” may be given if there were minor violations or deficiencies from a previous examination that were not corrected.
4. A rating of “4” indicates that the mortgage broker and the management of the mortgage broker have demonstrated substantial lack of compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to [NAC 645B.068](#). The mortgage broker will be subject to close regulatory supervision, and the examiner will recommend disciplinary action against the mortgage broker to the Commissioner.
5. A rating of “5” indicates that the mortgage broker and the management of the mortgage broker have demonstrated unsatisfactory compliance with applicable laws and regulations and that immediate remedial action is required for the correction of the violations and deficiencies noted in the report made by the examiner pursuant to [NAC 645B.068](#) and may include action by the Commissioner to take possession of the business and assets of the mortgage broker. The examiner will recommend disciplinary action against the mortgage broker to the Commissioner.

CERTIFICATE OF ACKNOWLEDGMENT

- I certify I have viewed the Pre-Licensing Information for Mortgage Brokers presentation.
- I acknowledge the presentation does not include all state and federal laws by which I must abide.
- I acknowledge it is my responsibility to remain abreast of all laws affecting the mortgage industry and take steps to ensure compliance with new statutes, regulations, rules or acts which may be passed.
- I understand failure to comply with all laws, state and federal, may result in investigation, administrative action and/or fine by the Division of Mortgage Lending.

Please email any questions to mldinfo@mld.nv.gov. This form must be returned to the Division with all conditional approval items necessary for licensing.

Acknowledged by:

Company Name: _____

Address: _____

City, State, Zip _____

Phone: _____

Signature of Qualified Employee

Date